RESOLUTION NO. 2026-08

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY COLONY BEACH, FLORIDA AUTHORIZING A LOAN IN THE PRINCIPAL AMOUNT OF $3,000,000 TO FINANCE THE COST OF IMPROVING CITY HALL AND TO PAY THE COSTS OF SUCH LOAN; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A PROMISSORY NOTE AND A LOAN AGREEMENT WITH FIRST HORIZON TE1, LLC; DESIGNATING THE PROMISSORY NOTE AS A "QUALIFIED TAX-EXEMPT OBLIGATION" UNDER SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986; PROVIDING CERTAIN DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KEY COLONY BEACH, FLORIDA (the "City") that:

Section 1. **Authority for this Resolution**. This Resolution is adopted pursuant to the Charter of the City, Chapter 166, Florida Statutes, and other applicable provisions of law (collectively, the "Act").

Section 2. **Definitions**. Words and phrases used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement (hereinafter defined) and, in addition, the following words and phrases shall have the following meanings when used herein:

"Authorized Signatory" means each of the Mayor and Vice Mayor of the City, or in their absence or inability to act, any other designee of the Mayor or Vice Mayor.

"Commission" means the City Commission of the City.

"Lender" means First Horizon TE1, LLC.

"Loan" means the loan from the Lender to the City pursuant to the Loan Agreement.

"Loan Agreement" has the meaning ascribed thereto in Section 5 hereof.

"Loan Amount" means an amount not to exceed $3,000,000.

"Note" has the meaning ascribed thereto in Section 5 hereof.

"Project" has the meaning ascribed thereto in Section 3 hereof.

Section 3. **Findings.**

A. The City is authorized under the Act to issue the Note for the purpose of (i) financing the cost of improvements to City Hall, including Marble Hall, as a part of the City of

Key Colony Beach Public Safety Facility Hardening Project (the "Project"), and (ii) paying the costs of the Loan.

B. It is hereby ascertained, determined and declared that it is in the best interest of the City to obtain the Loan from the Lender, in an amount not exceeding the Loan Amount, to issue the Note to finance the Project and to pay the costs of the Loan pursuant to the terms as provided in the Term Sheet from the Lender attached as Exhibit "B" hereto and in the Loan Agreement and the Note.

C. The principal of and interest on the Note and all other payments provided for in the Loan Agreement will be secured solely by a pledge of, and will be payable from the Pledged Funds (as defined in the Loan Agreement), which the City has full power and authority to pledge in the manner provided in the Loan Agreement, the ad valorem taxing power of the City will never be necessary, pledged or authorized to pay the principal of and interest on the Note, and except as expressly stated herein, the Note shall not constitute a lien upon any property of the City.

Section 4. **Authorization of Transaction**. In order to obtain funds to finance the Project and to pay the costs of the Loan, the City is hereby authorized to borrow from the Lender, an amount not exceeding the Loan Amount pursuant to the terms as provided in the Term Sheet from the Lender attached as Exhibit "B" hereto and in the Loan Agreement and Note, including an initial fixed interest rate determined on or before the date of delivery of the Note not to exceed 7.00% per annum, as shall be set forth in the Note.

The Commission has determined in accordance with Section 218.385, Florida Statutes that it is in the City's best interest to negotiate for the sale of the Note to the Lender. Because of prevailing and anticipated market conditions and the nature of the Loan, it is not feasible, cost effective or advantageous to issue the Note through a competitive sale and it is in the best interest of the City to accept the terms of the Loan from the Lender in a principal amount not exceeding the Loan Amount, at a negotiated sale upon the terms and conditions outlined herein and in the Loan Agreement and as determined by the Authorized Signatory executing the Loan Agreement in accordance with the terms hereof.

Prior to its execution and delivery of the Loan Agreement and the Note, the City shall have received from the Lender (i) a disclosure statement containing the information required by Section 218.385(6), Florida Statutes, (ii) a Truth-in-Bonding Statement pursuant to Section 218.385(3), Florida Statutes, and (iii) an Affidavit of Compliance with Anti-Human Trafficking Laws required by Section 787.06, Florida Statutes, and no further disclosure is or shall be required by the City.

The payment of the principal of, premium, if any, and interest under the Loan Agreement and the Note shall be secured forthwith equally and ratably by an irrevocable lien on the Pledged Funds, all in the manner and to the extent provided in the Loan Agreement. The City does hereby irrevocably pledge such Pledged Funds to the payment of the principal of, premium, if any, and interest under the Loan Agreement and the Note.

Section 5. **Loan Agreement and Promissory Note**. Each Authorized Signatory is authorized on behalf of the City to execute a Loan Agreement with the Lender in substantially the form attached hereto as Exhibit "A" (the "Loan Agreement") and to make and deliver to the Lender the Revenue Promissory Note, Series 2026 evidencing the Loan thereunder (the "Note") in the form attached to the Loan Agreement as Exhibit "A." The forms and terms of the Loan Agreement

and the Note are hereby approved by the City, and each Authorized Signatory is authorized to execute the same, with such changes, including, without limitation, the principal amount (not to exceed the Loan Amount) and amortization installments, as may be approved by the Authorized Signatory, such approval to be conclusively evidenced by the execution thereof by the Authorized Signatory. The Loan Agreement and all other related documents in connection therewith may be executed by electronic means. The City Clerk or any Assistant City Clerk is authorized to attest the signature of the Authorized Signatory.

Section 6. **Designation of Qualified Tax-Exempt Obligation**. The City designates the Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The City and any issuer of "tax-exempt" debt that issues "on behalf of" the City do not reasonably expect during the calendar year 2026 to issue more than $10,000,000 of "tax-exempt" obligations including the Note, exclusive of any private activity bonds as defined in Section 141(a) of the Code (except for qualified 501(c)(3) bonds as defined in Section 145 of the Code). The principal amount of the Note will not be in excess of $10,000,000.

Section 7. **Severability**. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.

Section 8. **Approval of Financing and Payment of Costs of Issuance**. The financing of the Project and payment of the costs of issuance are hereby approved and authorized, subject to the issuance of the Note for such purpose in accordance with the terms hereof.

Section 9. **Applicable Provisions of Law.** This Resolution shall be governed by and construed in accordance with the Act.

Section 10. **Authorizations**. Each Authorized Signatory and the City Clerk or any Assistant City Clerk are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents, and contracts on behalf of the City that are necessary or desirable in connection with the Loan, including, but not limited to, the execution and delivery of the Loan Agreement and the Note and the financing of the Project.

Section 11. **Repealer**. All resolutions or parts thereof in conflict herewith are hereby repealed.

Section 12. **Effective Date**. This Resolution shall take effect immediately upon its adoption.

[Remainder of Page Intentionally Left Blank]

PASSED AND ADOPTED by the Commission of the City of Key Colony Beach, Florida, at its special public meeting of the City held on the 21st of May, 2026.

FINAL VOTE AT ADOPTION - CITY COMMISSION OF KEY COLONY BEACH

Mayor Freddie Foster	NO_____	YES ✓
Vice-Mayor Doug Colonell	NO_____	YES ✓
Commissioner Tom Harding	NO_____	YES ✓
Commissioner Tom DiFransico	NO_____	YES ✓
Commissioner Kirk Diehl	NO_____	YES ✓

Freddie Foster, Mayor

ATTEST:

Silvia Roussin, City Clerk

Approved as to form and legal sufficiency:

Dirk Smits, City Attorney

#534528636_v5 245889.00001